

AMENDED IN SENATE JUNE 6, 2011
AMENDED IN ASSEMBLY APRIL 25, 2011
AMENDED IN ASSEMBLY APRIL 13, 2011
CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 664

Introduced by Assembly Member Ammiano

February 17, 2011

An act to ~~add Section 53395.81 to~~ amend Section 53395.8 of, and to add Sections 53395.81 and 53397.71 to, the Government Code, and to amend Sections 3 and 5 of Chapter 898 of the Statutes of 1997, relating to infrastructure financing districts.

LEGISLATIVE COUNSEL'S DIGEST

AB 664, as amended, Ammiano. Infrastructure financing districts: America's Cup ~~district~~, and Treasure Island.

Existing law authorizes the City and County of San Francisco to create infrastructure financing districts, including districts that include specified waterfront property, adopt infrastructure financing plans for those districts, and issue bonds financed by projected increases in ad valorem property taxes to fund certain public facilities, pursuant to a specified procedure. Existing property tax law establishes various procedures and requirements with respect to the annual apportionment and allocation of ad valorem property tax revenues, including increased revenues from these infrastructure financing districts.

This bill would authorize the adoption under these provisions of a financing ~~plan~~ plans for ~~a special waterfront district~~ districts that ~~includes~~ include the waterfront area in the City and County of San Francisco designated as the America's Cup venues and certain lands

on Treasure Island, and the use of specified tax revenues produced in the ~~district~~ districts for the construction of the Port of San Francisco's cruise terminal project maritime facilities at Pier 27, ~~and related work,~~ and improvement of publicly held waterfront lands used as viewing sites, affordable housing, and other matters, subject to specified allocation procedures. It would require the county board of supervisors to submit a fiscal analysis to the California Infrastructure and Economic Development Bank for review and approval before adopting the resolution authorizing the issuance of debt pursuant to these provisions. *The bill would exempt the issuance of tax increment bonds in a waterfront district from publication and local voter approval requirements and would authorize those bonds to be sold at a negotiated sale. The bill would enact other related provisions.*

This bill would make legislative findings and declarations as to the necessity of a special statute for the City and County of San Francisco.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Areas of San Francisco, including portions of the San
- 4 Francisco waterfront, are characterized by deteriorating conditions
- 5 that cannot be remedied by private investment alone, and require
- 6 the use of public financing mechanisms to finance the rectification
- 7 of deteriorating conditions.
- 8 (b) In February 2010, the BMW ORACLE Racing Team (and
- 9 its successors, the "team"), sailing under the burgee of the Golden
- 10 Gate Yacht Club, won the 33rd America's Cup, off the coast of
- 11 Valencia, Spain. The America's Cup, which was first awarded in
- 12 1851, is the oldest sporting trophy in sailing history. On December
- 13 31, 2010, the team designated the City and County of San Francisco
- 14 to host the 34th America's Cup sailing regatta. The team has
- 15 designated as the potential venue for the 34th America's Cup the
- 16 San Francisco waterfront area generally between the Golden Gate
- 17 Bridge to the north and ~~the Bay Bridge~~ Pier 80 to the south. The
- 18 team anticipates holding the 34th America's Cup match in San
- 19 Francisco Bay in 2013, with preliminary races worldwide
- 20 beginning in 2011 and in San Francisco Bay in 2012. *The City and*

County of San Francisco is conducting environmental review of the 34th America's Cup match and preregattas.

(c) An economic impact study by the Bay Area Council's Economic Institute and Beacon Economics released in July 2010 concludes that hosting the America's Cup on the San Francisco Bay would generate nearly 9,000 jobs and \$1.4 billion in direct spending in the San Francisco Bay area and California, and nearly \$1.9 billion nationwide. The study reports that the America's Cup is the world's third largest sporting competition after the Olympics and soccer's World Cup.

(d) The San Francisco waterfront is a valuable public trust asset of the state that provides special maritime, navigational, recreational, cultural, and historical benefits to the people of the region and the state. Realizing the goals of the port waterfront land use plan, the San Francisco Bay Conservation and Development Commission special area plan, and the port capital plan is a matter of statewide significance, and rectifying the deteriorating conditions along the San Francisco waterfront caused by deferred maintenance since 1969 by providing a financing mechanism, through the use of incremental property tax revenues, is a matter of statewide importance that will further the purposes of both the public trust and the Burton Act trust. Public facilities along the San Francisco waterfront to be financed pursuant to the infrastructure financing district law will increase public access to, and use or enjoyment of, public trust lands and are, therefore, facilities of statewide and communitywide significance.

(e) The City and County of San Francisco has agreed to provide the team with venues for regattas, team and competitor facilities, sponsorship activities, spectator viewing, and ancillary activities, *subject to completion of environmental review and review and approval of the planned facilities for the event.* The venues ~~will~~ *are likely to* be located on water areas, piers and wharves, and waterfront and landside property under Port of San Francisco jurisdiction, generally from ~~Pier 19~~ *the Golden Gate Bridge* to Pier 80, and will include shared use of the city's new cruise terminal facility to be built on Pier 27; all of the venues, as determined from time to time, are collectively referred to as the "America's Cup venues." ~~The~~

(f) *Portions of Naval Station Treasure Island, a former military base located on Treasure Island and Yerba Buena Island in San*

1 *San Francisco Bay, are potential America's Cup venues. Naval Station*
2 *Treasure Island was selected for closure and disposition by the*
3 *Base Closure and Realignment Commission in 1993, acting under*
4 *Public Law 101-510 and its subsequent amendments, and was*
5 *closed in 1997.*

6 *(g) In order to mitigate the serious economic effects of the*
7 *closure of Naval Station Treasure Island on the City and County*
8 *of San Francisco, its surrounding communities, and the state, the*
9 *Legislature enacted the Treasure Island Conversion Act of 1997*
10 *(Chapter 898 of the Statutes of 1997), which grants in trust to the*
11 *Treasure Island Development Authority the state's sovereign*
12 *interest in former and existing tidelands within Naval Station*
13 *Treasure Island, and establishes the authority as the trust*
14 *administrator for those lands for the benefit of the people of the*
15 *state in conformance with the public trust for commerce,*
16 *navigation, and fisheries.*

17 *(h) The Navy and the authority have negotiated an agreement*
18 *for the transfer of the Navy-owned portion of the TI property, as*
19 *defined in paragraph (13) of subdivision (k) of Section 53395.81.*
20 *Portions of the TI property will be subject to the public trust upon*
21 *their transfer from federal ownership.*

22 *(i) The proposed reuse and development of the TI property*
23 *includes an innovative and comprehensive land use and*
24 *transportation program designed to discourage motor vehicle*
25 *usage, reduce vehicle miles traveled, encourage public transit,*
26 *and serve as a model of sustainable neighborhood development*
27 *in furtherance of the California Global Warming Solutions Act of*
28 *2006 (Division 25.2 (commencing with Section 38500) of the*
29 *Health and Safety Code). The proposed reuse and development of*
30 *the TI property will meet or exceed the requirements of the*
31 *California Green Building Standards Code.*

32 *(j) The proposed reuse and development of the TI property will*
33 *provide significant benefits to the region and the state, including,*
34 *but not limited to, converting the TI property to productive reuse;*
35 *leveraging significant federal funding for the Navy's environmental*
36 *remediation of the TI property; providing public facilities that are*
37 *of benefit to the region and the state by increasing public access*
38 *to, and use and enjoyment of, public trust lands, such as*
39 *transportation facilities, public parks, open space, and recreational*
40 *facilities; increasing the region's supply of affordable housing;*

1 *and rehabilitating, restoring, and preserving historical structures*
2 *listed on the National Register of Historic Places.*

3 *(k) The City and County of San Francisco intends to establish*
4 *infrastructure financing districts to finance public facilities along*
5 *the San Francisco waterfront through its port and the authority or*
6 *another related entity, including a district one or more districts*
7 *covering the any approved America's Cup venues. Due to the*
8 *extraordinary capital needs of the port, and in order to mitigate*
9 *the serious economic effects of the closure of Naval Station*
10 *Treasure Island on the City and County of San Francisco, the*
11 *region, and the state, it is the intent of the Legislature in enacting*
12 *this act to provide the City and County of San Francisco and its*
13 *port, its port, and the authority the widest latitude, within the*
14 *framework of the infrastructure financing district law, to create*
15 *and operate infrastructure financing districts in the manner that*
16 *provides the optimal financing options to to construct needed public*
17 *facilities on public trust waterfront lands in order to meet the stated*
18 *goals of statewide and communitywide significance.*

19 *(l) The plan for the development of the TI property, including*
20 *the use of one or more waterfront districts under this act, will be*
21 *fiscally sustainable, will create significant numbers of new*
22 *construction and permanent jobs, will address the problems of*
23 *greenhouse gas emissions and transportation, and will promote*
24 *infill development. Development of the TI property presents a*
25 *particularly advantageous opportunity to benefit the City and*
26 *County of San Francisco, the region, and the state due to special*
27 *and unique circumstances, including, without limitation, the*
28 *benefits described above, the extraordinary location of the TI*
29 *property, and the ability to leverage significant federal and other*
30 *external funding. In addition, this act would provide a method for*
31 *increasing, improving, and preserving low- and moderate-income*
32 *housing on the TI property.*

33 *(m) The TI property is substantially undeveloped and, in a*
34 *waterfront district containing the TI property, all improvements*
35 *authorized by this act would have communitywide significance.*

36 *SEC. 2. Section 53395.8 of the Government Code is amended*
37 *to read:*

38 *53395.8. (a) This section applies only to the City and County*
39 *of San Francisco, and to any waterfront district.*

(b) In addition to the findings and declarations in Section 53395, the Legislature further finds and declares that consolidating in a single public agency the responsibility to administer waterfront lands in San Francisco that are subject to the public trust and the ability to capture property tax increment revenues to finance needed public facilities in those areas will further the objectives of the public trust and enjoyment of those trust lands by the people of the state.

(c) For purposes of this section, the following terms have the following meanings except as otherwise provided:

(1) “Affected taxing entity” means any governmental taxing agency, except San Francisco and its local educational agencies, that levied or had levied on its behalf a property tax on all or a portion of the land located in the proposed district in the fiscal year prior to the designation of the district, all or a portion of which the district proposes to collect in the future under its infrastructure financing plan.

(2) “Base year” means the fiscal year during which any infrastructure financing plan adopted under this chapter becomes effective.

(3) “Board” means the Board of Supervisors of the City and County of San Francisco, which shall be the legislative body for any district formed under this section.

(4) “Debt” means loans, advances, or other forms of indebtedness and financial obligations, including, but not limited to, commercial paper, variable rate demand notes, all moneys payable in relation to the debt, and all debt service coverage requirements in any debt instrument, in addition to the obligations specified in the definition of “debt” in Section 53395.1.

(5) “District” means any district created under this chapter, including any project area within a district.

(6) “ERAF” means the Educational Revenue Augmentation Fund.

(7) “ERAF-secured debt” means debt incurred to finance a Pier 70 district subject to a Pier 70 enhanced financing plan that is secured by and will be repaid from the ERAF share.

(8) “ERAF share” means the county ERAF portion of incremental tax revenue committed to a Pier 70 district under a Pier 70 enhanced financing plan.

1 (9) “Local educational agencies” means, collectively, the San
2 Francisco Unified School District, the San Francisco Community
3 College District, and the San Francisco County Office of
4 Education.

5 (10) “Mirant site” means the San Francisco waterfront land
6 owned by Mirant Corporation, on which it or its affiliate formerly
7 operated a coal gasification powerplant.

8 (11) “Pier 70 district” means a waterfront district that includes
9 65 acres of waterfront land in the area near Pier 70.

10 (12) “Pier 70 enhanced financing plan” means an infrastructure
11 district financing plan for a Pier 70 district that contains a provision
12 authorized under subparagraph (D) of paragraph (3) of subdivision
13 (g).

14 (13) “Port” means the Port of San Francisco.

15 (14) “Project area” means a defined area designated for
16 development within a waterfront district formed under this chapter
17 in accordance with subdivision (g).

18 (15) “Public facilities” means facilities and, where the context
19 requires, related services, authorized to be financed in any part by
20 a district formed under this chapter in accordance with subdivision
21 (g).

22 (16) “San Francisco” means the City and County of San
23 Francisco. For purposes of applying this chapter, San Francisco
24 is a city.

25 (17) “Waterfront district” means a district formed under this
26 chapter on land under port jurisdiction along the San Francisco
27 waterfront *and any special waterfront district as defined in Section*
28 *53395.81*.

29 (18) “Waterfront set aside” means the restricted funds required
30 to be set aside under clause (ii) of subparagraph (C) of paragraph
31 (3) of subdivision (g).

32 (d) In addition to the facilities and services authorized by Section
33 53395.3, a waterfront district may finance any of the following:

34 (1) Remediation of hazardous materials in, on, under, or around
35 any real or tangible property.

36 (2) Seismic and life-safety improvements to existing buildings.

37 (3) Rehabilitation, restoration, and preservation of structures,
38 buildings, or other facilities having special historical, architectural,
39 or aesthetic interest or value and that are listed on the National
40 Register of Historic Places, are eligible for listing on the National

1 Register of Historic Places individually or because of their location
2 within an eligible registered historic district, or are listed on a state
3 or local register of historic landmarks.

4 (4) Structural repairs and improvements to piers, seawalls, and
5 wharves.

6 (5) Removal of bay fill.

7 (6) Stormwater management facilities, other utility
8 infrastructure, or public open-space improvements.

9 (7) Shoreline restoration.

10 (8) Other repairs and improvements to maritime facilities.

11 (9) Planning and design work that is directly related to any
12 public facilities authorized to be financed by a waterfront district.

13 (e) A waterfront district may include, and finance public
14 facilities on, tidelands and submerged lands, including filled or
15 unfilled lands, subject to the public trust for commerce, navigation,
16 and fisheries, and the applicable statutory trust grant or grants.
17 Public facilities located on tidelands and submerged lands shall
18 serve and promote uses and purposes consistent with the public
19 trust and applicable statutory trust grants. Public facilities that
20 increase access to, or the use or enjoyment of, public trust lands
21 will be deemed to be facilities of communitywide significance that
22 provide significant benefits to an area larger than the area of the
23 district.

24 (f) Public facilities financed by a waterfront district shall be
25 public trust assets subject to the administration and control of the
26 port, except for the following:

27 (1) Utility infrastructure and public transportation facilities,
28 except maritime transportation facilities that are administered and
29 controlled by another entity under an agreement with the port.

30 (2) Public facilities on land located in a previously formed
31 waterfront district that the port subsequently leases, sells, or
32 otherwise transfers to any person free of the public trust, the Burton
33 Act trust, and any additional restrictions on use or alienability
34 created by the Burton Act transfer agreement, provided that the
35 State Lands Commission has concurred in the lifting of trust
36 restrictions on the transferred land and that the transferred land
37 will remain in and subject to the district.

38 (3) *Public facilities and affordable housing financed by a TI*
39 *district as defined in Section 53395.81.*

1 (g) For a waterfront district, the requirements of this subdivision
2 supplant and replace the provisions of Sections 53395.10 to
3 53395.25, inclusive. The board may adopt or amend one or more
4 infrastructure financing plans for districts along the San Francisco
5 waterfront according to the procedures in this section. A district
6 may be divided into project areas, each of which may be subject
7 to distinct time limitations established under this subdivision.

8 (1) The board shall initiate proceedings for the establishment
9 of a district by adopting a resolution of intention to establish the
10 proposed district that does all of the following:

11 (A) States an infrastructure financing district is proposed to be
12 established and describes the boundaries of the proposed district.
13 The boundaries may be described by reference to a map on file in
14 the office of the clerk of the board.

15 (B) States the type of public facilities proposed to be financed
16 by the district.

17 (C) States that incremental property tax revenue from San
18 Francisco and some or all affected taxing entities within the district,
19 but none of the local educational agencies, may be used to finance
20 these public facilities.

21 (D) Directs the executive director of the port, or an appropriate
22 official designated by the executive director, to prepare a proposed
23 infrastructure financing plan.

24 (2) The board shall direct the city clerk to mail a copy of the
25 resolution of intention to any affected taxing entities.

26 (3) The proposed infrastructure financing plan shall be consistent
27 with the general plan of San Francisco, as amended from time to
28 time, and shall include all of the following:

29 (A) A map and legal description of the proposed district, which
30 may include all or a portion of the district designated by the board
31 in its resolution of intention.

32 (B) A description of the public improvements and facilities
33 required to serve the development proposed in the district,
34 including those to be provided by the private sector, those to be
35 provided by governmental entities without assistance under this
36 chapter, those public facilities to be financed with assistance from
37 the proposed district, and those to be provided jointly. The
38 description shall include the proposed location, timing, and
39 projected costs of the public improvements and facilities.

40 (C) A financing section that shall contain all of the following:

1 (i) A provision that specifies the maximum portion of the
2 incremental tax revenue of San Francisco and of any affected
3 taxing entity proposed to be committed to the district, and affirms
4 that the plan will not allocate any portion of the incremental tax
5 revenue of the local educational agencies to the district.

6 (ii) Limitations on the use of levied taxes allocated to and
7 collected by the district that provide that incremental tax revenues
8 allocated to a district must be used within the district for purposes
9 authorized under this section, and that not less than 20 percent of
10 the amount allocated to a district shall be set aside to be expended
11 solely on shoreline restoration, removal of bay fill, or waterfront
12 public access to or environmental remediation of the San Francisco
13 waterfront.

14 (iii) A projection of the amount of incremental tax revenues
15 expected to be received by the district, assuming a period of 45
16 years ~~from the base year of the infrastructure financing plan~~
17 *beginning on the date on which the City and County of San*
18 *Francisco projects that the district will have received one hundred*
19 *thousand dollars (\$100,000) in incremental tax revenues under*
20 *this chapter.*

21 (iv) Projected sources of financing for the public facilities to be
22 assisted by the district, including debt to be repaid with incremental
23 tax revenues, projected revenues from future leases, sales, or other
24 transfers of any interest in land within the district, and any other
25 legally available sources of funds.

26 (v) A limitation on the number of dollars of levied taxes that
27 may be divided and allocated to the district. Taxes shall not be
28 divided or be allocated to the district beyond this limitation, except
29 by amendment of the infrastructure financing plan pursuant to the
30 procedures in this subdivision.

31 (vi) A date on which the effectiveness of the infrastructure
32 financing plan and all tax allocations to the district will end and a
33 time limit on the district's authority to repay indebtedness with
34 incremental tax revenues received under this chapter, not to exceed
35 45 years from the date of the board's resolution of intent to issue
36 ~~bonds to be repaid with the district has actually received one~~
37 *hundred thousand dollars (\$100,000) in incremental tax revenues*
38 *in the aggregate* under this chapter. After the time limits
39 established under this subparagraph, a district shall not receive
40 incremental tax revenues under this chapter.

1 (vii) An analysis of the costs to San Francisco for providing
2 facilities and services to the district while the district is being
3 developed and after the district is developed, and of the taxes, fees,
4 charges, and other revenues expected to be received by San
5 Francisco as a result of expected development in the district.

6 (viii) An analysis of the projected fiscal impact of the district
7 and the associated development upon any affected taxing entity.
8 If no affected taxing entities exist within the district because the
9 plan does not provide for collection by the district of any portion
10 of property tax revenues allocated to any taxing entity other than
11 San Francisco, the district has no obligation to any other taxing
12 entity under this subdivision.

13 (ix) A statement that the district will maintain accounting
14 procedures in accordance, and otherwise comply, with Section
15 6306 of the Public Resources Code for the term of the plan.

16 (D) For a Pier 70 district only, the Pier 70 enhanced financing
17 plan may contain a provision meeting the requirements of Section
18 53396 that allocates a portion of the incremental tax revenue of
19 San Francisco and of other designated affected taxing entities to
20 the Pier 70 district.

21 The portion of incremental tax revenue of San Francisco to be
22 allocated to the Pier 70 district must be equal to the portion of the
23 incremental tax revenue of the county ERAF proposed to be
24 committed to the Pier 70 district. In addition to all other
25 requirements under this section, a Pier 70 district shall also be
26 subject to the following additional limitations:

27 (i) A Pier 70 district subject to a Pier 70 enhanced financing
28 plan shall not be formed and become effective for at least three
29 full fiscal years following the effective date of this section.

30 (ii) Any Pier 70 enhanced financing plan shall contain all of the
31 following:

32 (I) A time limit on new ERAF-secured debt to finance the
33 district, which may not exceed 20 fiscal years from the fiscal year
34 in which any Pier 70 district subject to a Pier 70 enhanced financing
35 plan first issues debt. The ERAF-secured debt may be repaid over
36 the period of time ending on the time limit established under clause
37 (vi) of subparagraph (C). This time limit on new ERAF-secured
38 debt shall not prevent a Pier 70 district from subsequently
39 refinancing, refunding, or restructuring ERAF-secured debt if the
40 debt is not increased and the time during which the debt is to be

1 repaid is not extended beyond the time limit established under
2 clause (vi) of subparagraph (C).

3 (II) A statement that the Pier 70 district shall be subject to a
4 limitation on the number of dollars of the ERAF share that may
5 be divided and allocated to the Pier 70 district pursuant to the Pier
6 70 enhanced financing plan, including any amendments to the
7 plan, which shall be established in consultation with the county
8 auditor. This limitation and a schedule specifying the amount of
9 the ERAF share that must be divided and allocated to the district
10 in each succeeding fiscal year until all ERAF-secured debt has
11 been paid shall be included in the statement of indebtedness that
12 the Pier 70 district files for the 19th fiscal year after the fiscal year
13 in which any ERAF-secured debt is first issued. The ERAF share
14 shall not be divided and shall not be allocated to the Pier 70 district
15 beyond that limitation.

16 (III) The limitations established by subclauses (I) and (II) may
17 be amended only by amendment of this section. When the
18 ERAF-secured debt, if any, has been paid, all moneys thereafter
19 allocated to the ERAF share shall be paid into ERAF as taxes on
20 all other property are paid. In addition, beginning in the 21st fiscal
21 year after the fiscal year in which ERAF-secured debt is first
22 issued, any portion of the ERAF share in excess of the amount
23 required to meet the Pier 70 district's ERAF-secured debt service
24 obligations shall be paid into ERAF.

25 (4) The proposed infrastructure financing plan shall be mailed
26 to each affected taxing entity for review, together with any report
27 required by the California Environmental Quality Act (Division
28 13 (commencing with Section 21000) of the Public Resources
29 Code) that pertains to the proposed public facilities and any
30 proposed development project for which the public facilities are
31 needed, and shall be made available for public inspection. The
32 report also shall be sent to the San Francisco Planning Department
33 and the board.

34 (5) Except as provided in subdivision (i), the board shall not
35 enact a resolution proposing formation of a district and providing
36 for the division of taxes of any affected taxing entities for use in
37 the Pier 70 district as set forth in the proposed infrastructure
38 financing plan unless a resolution approving the plan has been
39 adopted by the governing body of each affected taxing entity that
40 is proposed to be subject to division of taxes as set forth in the

1 proposed infrastructure financing plan, and that resolution has
2 been filed with the board at or prior to the time of the hearing. A
3 resolution approving the plan adopted by the governing body of
4 an affected taxing entity shall be deemed the affected taxing
5 entity's agreement to participate in the plan for the purposes of
6 Section 53395.19.

7 (6) If the governing body of an affected taxing entity has not
8 approved the infrastructure financing plan before the board
9 considers the plan, the board may amend the infrastructure
10 financing plan to remove the allocation of the tax revenues of the
11 nonconsenting affected taxing entity. If a plan is so amended, the
12 plan also shall be amended to provide that San Francisco will
13 allocate to the Pier 70 district funds equal on a dollar-for-dollar
14 basis to the tax revenues that the Pier 70 district would have
15 received from the allocation of tax revenues of the affected taxing
16 entity that is removed from the plan.

17 (7) The board shall hold a public hearing regarding the
18 infrastructure financing plan that shall be scheduled on a date no
19 earlier than 60 days after the plan has been sent to each affected
20 taxing entity, or in the absence of any affected taxing entities, no
21 earlier than 30 days after the plan has been lodged with the clerk
22 of the board. Notice of the public hearing must be published not
23 less than once a week for four successive weeks in a newspaper
24 designated by the board for the publication of official notices in
25 San Francisco, or if the board no longer designates a newspaper
26 for the publication of official notices, a newspaper of general
27 circulation serving primarily San Francisco residents. The notice
28 shall state that the district will be established to finance public
29 facilities, briefly describe the public facilities and the proposed
30 financial arrangements, including the proposed commitment of
31 incremental tax revenue, describe the boundaries of the proposed
32 district, and state the day, hour, and place when and where any
33 persons having any objections to the proposed infrastructure
34 financing plan, or the regularity of any of the previous proceedings,
35 may appear before the board and object to the adoption of the
36 proposed infrastructure financing plan by the board.

37 (8) At the hour set in the required notices, the board shall
38 proceed to hear and pass upon all written and oral objections. The
39 hearing may be continued from time to time. The board shall
40 consider any recommendations of affected taxing entities, and all

1 evidence and testimony for and against the adoption of the
2 infrastructure financing plan.

3 (9) No election will be required to form the district, and at the
4 conclusion of the hearing, the board may adopt an ordinance
5 adopting the infrastructure financing plan, as drafted or as modified
6 by the board, or it may abandon the proceedings.

7 (10) Any public or private owner of land that is not within an
8 existing district, but that has any boundary line contiguous to a
9 boundary of the waterfront district, may petition the board for
10 inclusion of the land in the waterfront district without an election.
11 As a condition to inclusion of its land in the waterfront district,
12 the petitioning landowner shall acknowledge and agree that any
13 portion of the land within 100 feet of the San Francisco Bay
14 Conservation and Development Commission shoreline (shoreline
15 band) will include contiguous public access along the length of
16 the shoreline band, improved and maintained to standards equal
17 to adjacent waterfront public access ways on public land, as
18 certified by the San Francisco Bay Conservation and Development
19 Commission. Nothing in this section is intended to affect or limit
20 the authority of the San Francisco Bay Conservation and
21 Development Commission pursuant to Chapter 1 (commencing
22 with Section 66600) of Title 7.2, or any other law. This procedure
23 will apply to any petition to include the Mirant site in the Pier 70
24 district, but the board may amend the Pier 70 financing plan to
25 include the Mirant site in the Pier 70 district only after the Director
26 of Finance's approval.

27 (11) The ordinance creating a district and adopting or amending
28 an infrastructure financing plan shall establish the base year for
29 the district. The board may amend an infrastructure financing plan
30 by ordinance to divide an established district into one or more
31 project areas, to reduce the district area, or, to expand a waterfront
32 district to include the petitioning landowner's land in the district
33 in accordance with the board's established procedures. Any
34 ordinance adopting or amending an infrastructure financing plan
35 will be deemed an ordinance adopted for the purposes of Section
36 53395.23.

37 (12) *With respect to a waterfront district, the City and County*
38 *of San Francisco may enter into an agreement for the construction*
39 *of discrete portions or phases of facilities. The agreement may*
40 *include any provisions that the City and County of San Francisco*

1 *determines are necessary or convenient, but shall do all of the*
2 *following:*

3 *(A) Identify the specific facilities or discrete portions or phases*
4 *of facilities to be constructed and purchased. The City and County*
5 *of San Francisco may agree to purchase discrete portions or*
6 *phases of facilities if the portions or phases are capable of*
7 *serviceable use as determined by the City and County of San*
8 *Francisco.*

9 *(B) Notwithstanding subparagraph (A), when the purchase value*
10 *of a facility exceeds one million dollars (\$1,000,000), the City and*
11 *County of San Francisco may agree to purchase discrete portions*
12 *or phases of the partially completed project.*

13 *(C) Identify procedures to ensure that the facilities are*
14 *constructed pursuant to plans, standards, specifications, and other*
15 *requirements as determined by the City and County of San*
16 *Francisco.*

17 *(D) Specify a price or a method to determine a price for each*
18 *facility or discrete portion or phase of a facility. The price may*
19 *include an amount reflecting the interim cost of financing cash*
20 *payments that must be made during construction of the project, at*
21 *the discretion of the City and County of San Francisco.*

22 *(E) Specify procedures for final inspection and approval of*
23 *facilities or discrete portions of facilities, for approval of payment*
24 *and for acceptance and conveyance.*

25 *(h) (1) All the amounts calculated under this subdivision shall*
26 *be calculated after deducting the waterfront set-aside from the total*
27 *amount of tax increment funds allocated to a district in the*
28 *applicable fiscal year. The payments made under this subdivision*
29 *to the affected taxing entities shall be allocated among the affected*
30 *taxing entities in proportion to the percentage share of property*
31 *taxes each affected taxing entity receives during the fiscal year the*
32 *funds are allocated. The percentage share shall be determined*
33 *without regard to any amounts allocated to a city, county, or city*
34 *and county under Sections 97.68 and 97.70 of the Revenue and*
35 *Taxation Code.*

36 *(2) (A) Prior to incurring any debt, except loans or advances*
37 *from San Francisco, a district may subordinate to the debt the*
38 *amount required to be paid to an affected taxing entity under this*
39 *subdivision, if any, provided the affected taxing entity has approved*
40 *these subordinations as provided in this paragraph.*

1 (B) At the time the district requests an affected taxing entity to
2 subordinate the amount to be paid to it, the district shall provide
3 the affected taxing entity with substantial evidence that sufficient
4 funds will be available to pay when due both the debt service on
5 the debt and the payments to the affected taxing entity required
6 under this subdivision.

7 (C) Within 45 days after receipt of the district's request, the
8 affected taxing entity shall approve or disapprove the request for
9 subordination. An affected taxing entity may disapprove a request
10 for subordination only if it finds, based upon substantial evidence,
11 that the district will not be able to pay when due the debt payments
12 and the amount required to be paid to the affected taxing entity.
13 If the affected taxing entity does not act within 45 days after receipt
14 of the district's request, the request to subordinate shall be deemed
15 approved and its deemed approval shall be final and conclusive.

16 (3) The Legislature finds and declares all of the following:

17 (A) The payments to be made under this subdivision are
18 necessary in order to alleviate the financial burden and detriment
19 that affected taxing entities may incur as a result of the adoption
20 of an infrastructure financing plan, and payments made under this
21 subdivision will benefit the district.

22 (B) The payments to be made under this subdivision are the
23 exclusive payments that are required to be made by a district to
24 affected taxing entities during the term of an infrastructure
25 financing plan.

26 (4) Nothing in this section requires a district, either directly or
27 indirectly, as a measure to mitigate a significant environmental
28 effect or as part of any settlement agreement or judgment brought
29 in any action to contest the validity of a district under Section
30 53395.6, to make any other payments to affected taxing entities,
31 or to pay for public facilities that will be owned or leased to an
32 affected taxing entity.

33 (5) *For purposes of this subdivision, relative to a special*
34 *waterfront district:*

35 (A) *The term "affected taxing entity" shall mean any*
36 *governmental agency that levied or had levied on its behalf, a*
37 *property tax on all or a portion of the land located in the proposed*
38 *district in the fiscal year prior to the designation of the special*
39 *waterfront district.*

1 (B) *The reference to a waterfront set aside shall refer to the*
2 *set-aside requirements set forth in paragraphs (3) and (4) of*
3 *subdivision (e) of Section 53395.81, as applicable.*

4 (i) The portion of taxes required to be allocated to the Pier 70
5 district under a duly adopted infrastructure financing plan shall be
6 allocated and paid to the district by the county auditor or officer
7 responsible for the payment of taxes into the funds of the respective
8 taxing entities under the procedure contained in this subdivision.
9 If the approved plan allocates to the Pier 70 district 100 percent
10 of the incremental tax revenue of San Francisco *that is available*
11 *under applicable law to be allocated to the Pier 70 district*, then
12 the district shall not make a payment to ERAF, but if the plan
13 allocates less than 100 percent of the incremental tax revenue of
14 San Francisco *that is available under applicable law to be allocated*
15 *to the Pier 70 district*, then the district shall pay a proportionate
16 share of incremental tax revenue into ERAF.

17 (1) No later than October 1 of each year, for each district for
18 which the infrastructure financing plan provides for the division
19 of taxes, the district shall file with the county auditor or officer a
20 statement of indebtedness and a reconciliation statement for the
21 previous fiscal year certified by the chief financial officer of the
22 district.

23 (2) Each statement of indebtedness shall contain all of the
24 following:

25 (A) For each debt the district has incurred or entered into, all
26 of the following:

27 (i) The date the district incurred or entered into the debt.

28 (ii) The principal amount, term, purpose, interest rate, and total
29 interest payable over the term of the debt.

30 (iii) The principal amount and interest due in the fiscal year in
31 which the statement is filed.

32 (iv) The total amount of principal and interest remaining to be
33 paid over the term of the debt.

34 (B) The sum of the principal and interest due on all debts in the
35 fiscal year in which the statement is filed.

36 (C) The sum of principal and interest remaining to be paid on
37 all debts.

38 (D) The available revenues as of the end of the previous fiscal
39 year.

1 (3) The district may estimate the amount of principal or interest,
2 the interest rate, or term of any debt if the nature of the debt is
3 such that the amount of principal or interest, the interest rate or
4 term cannot be precisely determined. The district may list on a
5 statement of indebtedness any debt incurred or entered into on or
6 before the date the statement is filed.

7 (4) Each reconciliation statement shall include all of the
8 following:

9 (A) A list of all debts listed on the previous year's statement of
10 indebtedness, if any.

11 (B) A list of all debts not listed on the previous year's statement
12 of indebtedness, but incurred or entered into in the previous year
13 and paid in whole or in part from incremental tax revenue received
14 by the district. This listing may aggregate into a single item debts
15 incurred or entered into in the previous year for a particular
16 purpose, such as relocation expenses, administrative expenses,
17 consultant expenses, or remediation of hazardous materials.

18 (C) For each debt described in subparagraph (A) or (B), all of
19 the following shall be included:

20 (i) The total amount of principal and interest remaining to be
21 paid as of the later of the beginning of the previous year or the
22 date the debt was incurred or entered into.

23 (ii) Any increases or additions to the debt occurring during the
24 previous year.

25 (iii) The amount paid on the debt in the previous year from
26 incremental tax revenue received by the district.

27 (iv) The amount paid on the debt in the previous year from
28 revenue other than incremental tax revenue received by the district.

29 (v) The total amount of principal and interest remaining to be
30 paid as of the end of the previous fiscal year.

31 (D) The available revenues of the district as of the beginning
32 of the previous fiscal year.

33 (E) The amount of incremental tax revenue received by the
34 district in the previous fiscal year.

35 (F) The amount of available revenue received by the district in
36 the previous fiscal year other than incremental tax revenue.

37 (G) The sum of the amounts paid on all debts from sources other
38 than incremental tax revenue, to the extent that the amounts are
39 not included as available revenues under subparagraph (F).

1 (H) The sum of the amounts specified in subparagraphs (D) to
2 (G), inclusive.

3 (I) The sum of the amounts specified in clauses (iii) and (iv) of
4 subparagraph (C) of paragraph (4).

5 (J) The amount determined by subtracting the amount
6 determined under subparagraph (I) from the amount determined
7 under subparagraph (H). The amount determined under this
8 paragraph shall be the available revenues as of the end of the
9 previous fiscal year to be reported in the statement of indebtedness.

10 (5) For the purposes of this paragraph, available revenues shall
11 include all cash or cash equivalents held by the district that were
12 received by the district under subparagraph (D) of paragraph (3)
13 of subdivision (g) and all cash or cash equivalents held by the
14 district that are irrevocably pledged or restricted to payment of a
15 debt that the district has listed on a statement of indebtedness. In
16 no event shall available revenues include funds allocated to the
17 waterfront set aside.

18 (6) For the purposes of this subdivision: (A) the amount a district
19 is required to deposit into the waterfront set aside shall constitute
20 an indebtedness of the district, (B) no debt that a district intends
21 to pay from the waterfront set aside shall be listed on a statement
22 of indebtedness or reconciliation statement as a debt of the district,
23 and (C) any statutorily authorized deficit in or borrowing from
24 funds in the waterfront set aside shall constitute an indebtedness
25 of the district.

26 (7) The county auditor or officer shall allocate and pay, at the
27 same time or times as the payment of taxes into the funds of the
28 respective taxing agencies of the county, the portion of incremental
29 tax revenues allocated to each district under the infrastructure
30 financing plan. The amount allocated and paid shall not exceed
31 the amount of the district's remaining debt obligations, as
32 determined under subparagraph (C) of paragraph (2), minus the
33 amount of available revenues as of the end of the previous fiscal
34 year, as determined under subparagraph (D) of paragraph (2).

35 (8) The statement of indebtedness constitutes prima facie
36 evidence of the debts of the district.

37 (A) If the county auditor or other officer disputes the amount
38 of the district's debts as shown on the statement of indebtedness,
39 the county auditor or other officer, within 30 days after receipt of
40 the statement, shall give written notice to the district thereof.

1 (B) The district, within 30 days after receipt of notice under
2 subparagraph (A), shall submit any further information it deems
3 appropriate to substantiate the amount of any debt that has been
4 disputed. If the county auditor or other officer still disputes the
5 amount of debt, final written notice of that dispute shall be given
6 to the district, and the amount disputed may be withheld from
7 allocation and payment to the district as otherwise required by
8 paragraph (7). In that event, the auditor or other officer shall bring
9 an action in the superior court for declaratory relief to determine
10 the matter no later than 90 days after the date of the final notice.

11 (C) In any court action brought under this paragraph, the issue
12 shall involve only the amount of debt, and not the validity of any
13 contract or debt instrument or any expenditures pursuant thereto.
14 Payments to a trustee under a bond resolution or indenture of any
15 kind or payments to a public agency in connection with payments
16 by that public agency under a lease or bond issue shall not be
17 disputed in any action under this paragraph. The matter shall be
18 set for trial at the earliest possible date and shall take precedence
19 over all other cases except older matters of the same character.
20 Unless an action is brought within the time provided for herein,
21 the auditor or other officer shall allocate and pay the amount shown
22 on the statement of indebtedness as provided in paragraph (7).

23 (D) Nothing in this subdivision shall be construed to permit a
24 challenge to or attack on matters precluded from challenge or
25 attack by reason of Sections 53395.6 and 53395.7. However,
26 nothing in this subdivision shall be construed to deny a remedy
27 against the district otherwise provided by law.

28 (E) The Controller shall prescribe uniform forms consistent
29 with this subdivision for a district's statement of indebtedness and
30 reconciliation statement. In preparing these forms, the Controller
31 shall obtain the input of the San Francisco City Controller, the San
32 Francisco Tax Collector, and the ~~port~~ district.

33 (F) For the purposes of this subdivision, a fiscal year shall be a
34 year that begins on July 1 and ends the following June 30.

35 (j) (1) Prior to the adoption by the board of an infrastructure
36 financing plan providing for tax increment financing under
37 subparagraph (D) of paragraph (3) of subdivision (g), any affected
38 taxing entity may elect to be allocated, and every local educational
39 agency shall be allocated, all or any portion of the tax revenues
40 allocated to the district under subparagraph (D) of paragraph (3)

1 of subdivision (g) attributable to increases in the rate of tax
2 imposed for the benefit of the taxing entity which levy occurs after
3 the tax year in which the ordinance adopting the infrastructure
4 financing plan becomes effective.

5 (2) The governing body of any affected taxing entity electing
6 to receive allocation of taxes under this subdivision shall adopt a
7 resolution to that effect and transmit the same, prior to the adoption
8 of the infrastructure financing plan, to (A) the board, (B) the
9 district, and (C) the official or officials performing the functions
10 of levying and collecting taxes for the affected taxing entity. Upon
11 receipt by the official or officials of the resolution, allocation of
12 taxes under this section to the affected taxing entity shall be made
13 at the time or times allocations are made under subdivision (a) of
14 Section 33670 of the Health and Safety Code.

15 (3) An affected taxing entity, at any time after the adoption of
16 the resolution, may elect not to receive all or any portion of the
17 additional allocation of taxes under this section by rescinding the
18 resolution or by amending the same, as the case may be, and giving
19 notice thereof to the board, the district, and the official or officials
20 performing the functions of levying and collecting taxes for the
21 affected taxing entity. After receipt of a notice by the official or
22 officials that an affected taxing entity has elected not to receive
23 all or a portion of the additional allocation of taxes by rescission
24 or amendment of the resolution, any allocation of taxes to the
25 affected taxing entity required to be made under this section shall
26 not thereafter be made but shall be allocated to the district. After
27 receipt of a notice by the official or officials that an affected taxing
28 entity has elected to receive additional tax revenues attributable
29 to only a portion of the increases in the rate of tax, only that portion
30 of the tax revenues shall thereafter be allocated to the affected
31 taxing entity, and the remaining portion thereof shall be allocated
32 to the district.

33 (k) This section implements and fulfills the intent of Article 2
34 (commencing with Section 53395.10) and of Article XIII B and
35 Section 16 of Article XVI of the California Constitution. The
36 allocation and payment to a district of the portion of taxes specified
37 in subparagraph (D) of paragraph (3) of subdivision (g) for the
38 purpose of paying principal of, or interest on, loans, advances, or
39 indebtedness incurred for facilities under this section shall not be
40 deemed the receipt by a district of proceeds of taxes levied by or

1 on behalf of the district within the meaning or for the purposes of
2 Article XIII B of the California Constitution, nor shall such portion
3 of taxes be deemed receipt of proceeds of taxes by, or an
4 appropriation subject to limitation of, any other public body within
5 the meaning or for purposes of Article XIII B of the California
6 Constitution or any statutory provision enacted in implementation
7 of Article XIII B. The allocation and payment to a district of this
8 portion of taxes shall not be deemed the appropriation by a district
9 of proceeds of taxes levied by or on behalf of a district within the
10 meaning or for purposes of Article XIII B of the California
11 Constitution.

12 ~~SEC. 2.~~

13 SEC. 3. Section 53395.81 is added to the Government Code,
14 to read:

15 53395.81. (a) This section shall apply only to a *special*
16 ~~waterfront district in the City and County of San Francisco~~
17 ~~comprising some or all of the America's Cup venues.~~

18 (b) ~~An America's Cup~~ (1) A *special waterfront* district may be
19 created as a waterfront district pursuant to, and shall be subject to,
20 all applicable requirements of Sections 53395.3 and 53395.8,
21 except as provided in this section. *The special waterfront district*
22 *may be formed and become effective at any time. A special*
23 *waterfront district may include land formerly within a*
24 *redevelopment project area.*

25 (2) *The provisions of subdivision (b) of Section 53395.4 shall*
26 *not apply to a special waterfront district.*

27 (c) *The TI property is substantially undeveloped and, in a TI*
28 *district, all improvements authorized by this chapter would have*
29 *communitywide significance. The provisions of subdivision (c) of*
30 *Section 53395.3 shall not apply to a TI district. A TI district may*
31 *finance (1) the costs authorized by Sections 53395.3 and 53395.8,*
32 *(2) the costs required to increase, improve, and preserve the supply*
33 *of affordable housing on TI property, including the costs described*
34 *in Section 53395.5, provided financed dwelling units may be*
35 *located anywhere on TI property, and (3) the costs of work deemed*
36 *necessary by the City and County of San Francisco to bring the*
37 *TI property, whether that TI property is publicly or privately*
38 *owned, into compliance with seismic safety standards or*
39 *regulations. A TI district may not finance services or use the port*
40 *harbor fund to finance any costs of a TI district or to provide credit*

enhancement for debt issued by a TI district. No portion of a TI district may be included in a redevelopment project area formed under Section 33000 of the Health and Safety Code, or any successor laws.

(d) The Board of Supervisors of the City and County of San Francisco may, by resolution, vest in the authority the power under this chapter to form one or more TI districts. The City and County of San Francisco and the authority may take any actions relating to TI property that would otherwise be vested in the Port of San Francisco under this chapter.

(e) (1) ~~The America's Cup~~ special waterfront district ERAF share produced in ~~an America's Cup district~~ a special waterfront district with a special waterfront district enhanced financing plan shall be used only to finance the following:

(A) With respect to a Port America's Cup district:

~~(A)~~
(i) Construction of the ~~Port of San Francisco's cruise terminal project~~ port's maritime facilities at Pier 27.

~~(B)~~
(ii) Planning and design work that is directly related to the port's ~~Pier 27 cruise terminal project~~ maritime facilities at Pier 27.

~~(C)~~
(iii) Planning, design, and construction of improvements to publicly owned waterfront lands held by trustee agencies, such as the National Park Service and the California State Parks, and used as public spectator viewing sites for America's Cup related events.

(B) With respect to a TI district, any purpose authorized by subdivision (c).

(2) ~~An America's Cup~~ A special waterfront district enhanced financing plan for a Port America's Cup district shall provide that the proceeds of special waterfront district ERAF-secured debt are restricted for use to finance directly, reimburse the port for its costs related to, or refinance other debt incurred, in the construction of the port's ~~cruise terminal project~~ maritime facilities at Pier 27, including public access and public open-space improvements. A special waterfront district enhanced financing plan for a TI district shall provide that the proceeds of the special waterfront district ERAF share and special waterfront district ERAF-secured debt

1 *are restricted to finance authorized improvements required for the*
2 *development of TI property.*

3 (3) Twenty percent in the aggregate of the ~~America's Cup~~
4 ~~special waterfront district ERAF share allocated to the port a Port~~
5 ~~America's Cup district~~ under this section shall be set aside to
6 finance costs of improvements to federally- or state-owned
7 waterfront lands approved by trustee agencies such as the National
8 Park Service or the California State Parks as provided in
9 ~~subparagraph (C) clause (iii) of subparagraph (A) of paragraph~~
10 (1). *The foregoing 20 percent set aside shall not apply to the*
11 *special waterfront district ERAF share allocated to a TI district.*

12 (4) *A special waterfront district enhanced financing plan for a*
13 *TI district shall comply with both of the following:*

14 (A) *The City and County of San Francisco shall use at least 20*
15 *percent of the incremental tax revenue allocated to the TI district*
16 *for the purposes of increasing, improving, and preserving the*
17 *supply of affordable housing on TI property. That incremental tax*
18 *revenue may be used to finance the costs described in Section*
19 *53395.5, provided financed dwelling units may be located*
20 *anywhere on TI property.*

21 (B) (i) *The City and County of San Francisco shall require that*
22 *affordable housing described in subparagraph (A) remain*
23 *affordable housing for the useful life of the dwellings, which may*
24 *not be less than 55 years for rental units and 45 years for*
25 *owner-occupied units.*

26 (ii) *Notwithstanding clause (i), the authority may permit sales*
27 *of owner-occupied units prior to the expiration of the 45-year*
28 *period for a price in excess of the affordable housing price as*
29 *determined pursuant to Section 50052.5 of the Health and Safety*
30 *Code under a program adopted by the authority that protects the*
31 *authority's investment of funds in the unit, including, but not limited*
32 *to, a program that establishes a schedule of equity sharing that*
33 *permits retention by the seller of a portion of those excess sales*
34 *proceeds. The remainder of the excess sales proceeds shall be used*
35 *solely for affordable housing.*

36 (iii) *The City and County of San Francisco shall establish and*
37 *record covenants or restrictions implementing these requirements.*

38 (5) *The 20 percent set-aside requirements applicable to a special*
39 *waterfront district set forth in paragraphs (3) and (4), as*
40 *applicable, are in lieu of the set-aside requirement set forth in*

1 *clause (ii) of subparagraph (C) of paragraph (3) of subdivision*
2 *(g) of Section 53395.8.*

3 ~~(d)~~

4 (f) (1) Before adopting the resolution authorizing the issuance
5 ~~of debt by an~~ *first debt issuance by a Port America's Cup district*
6 *with a special waterfront district enhanced financing plan*
7 authorized by this section, the board of supervisors shall submit a
8 fiscal analysis to the California Infrastructure and Economic
9 Development Bank for review and approval.

10 (2) The bank may circulate the fiscal analysis to other state
11 agencies, including, but not limited to, the Department of Finance,
12 the Department of Housing and Community Development, and
13 the Office of Planning and Research, and solicit their comments
14 and recommendations. After considering the comments and
15 recommendations of other state agencies, if any, the bank shall
16 take one of the following actions:

17 (A) Approve the fiscal analysis if the bank makes the finding
18 required pursuant to paragraph (4).

19 (B) Return the fiscal analysis to the board of supervisors with
20 specific recommendations for changes that would allow the bank
21 to approve the fiscal analysis.

22 (3) The bank shall have 30 days from the receipt of the fiscal
23 analysis to act pursuant to this subdivision. If the bank does not
24 act within 30 days, the fiscal analysis shall be deemed approved.

25 (4) For bank approval, the fiscal analysis shall demonstrate to
26 the bank's reasonable satisfaction a reasonable probability that the
27 economic activity proposed to occur as a result of hosting the
28 America's Cup event in California would result in an amount of
29 revenue to the General Fund with a net present value that is greater
30 than the net present value of the amount of property tax increment
31 revenues that would be diverted from ERAF over the term of the
32 *Port America's Cup district*, taking into consideration all pertinent
33 data. In reviewing the board's fiscal analysis, the bank shall
34 consider only those General Fund revenues that would occur
35 because of economic activity proposed to occur as a result of
36 hosting the America's Cup event in California. The bank shall not
37 consider those General Fund revenues that would have occurred
38 if the America's Cup event were not held in California.

39 (g) *Before adopting the resolution authorizing the first debt*
40 *issuance by a TI district authorized by this section with a special*

1 waterfront district enhanced financing plan, the legislative body
2 of the TI district shall submit evidence to the Department of
3 Housing and Community Development that the development on
4 the TI property satisfies both of the following criteria: (1) if 250
5 or more new dwelling units are entitled to be built on TI property,
6 at least 30 percent of the allowable new units will be designated
7 as affordable housing; and (2) all new buildings constructed with
8 the assistance of special waterfront district ERAF-secured debt,
9 including assistance through related infrastructure financing, must
10 meet or exceed the requirements of the California Green Building
11 Standards Code. Within 45 days after receipt of the submission
12 from the legislative body of the TI district, the Department of
13 Housing and Community Development may reject the submission
14 in writing based on substantial evidence that the criteria has not
15 been met. If the Department of Housing and Community
16 Development does not act within 45 days after receipt of the
17 submission from the legislative body of the TI district, the special
18 waterfront district ERAF share shall be allocated to the TI district
19 and its allocation shall be final and conclusive.

20 (e)

21 (h) The county auditor or officer responsible for the payment
22 of taxes into the funds of the respective taxing entities shall allocate
23 and pay to ~~an America's Cup~~ a special waterfront district the
24 portion of taxes required to be allocated pursuant to an approved
25 ~~America's Cup~~ special waterfront district enhanced financing
26 plan. If the plan allocates 100 percent of the incremental tax
27 revenue ~~to the~~ of the City and County of San Francisco that is
28 available under applicable law to be allocated to the special
29 waterfront district, then the district shall not make a payment to
30 ERAF, but if the plan allocates less than 100 percent of the
31 incremental tax revenue of ~~San Francisco to an America's Cup~~ the
32 City and County of San Francisco that is available under
33 applicable law to be allocated to a special waterfront district then
34 the special waterfront district shall pay a proportionate share of
35 incremental tax revenue into ERAF. The special waterfront district
36 shall file a statement of indebtedness and a reconciliation statement
37 annually in the same manner as described in subdivision (i) of
38 Section 53395.8. *It is the intent of this subdivision that any special*
39 *waterfront district shall be deemed to be a district formed pursuant*
40 *to subparagraph (D) of paragraph (3) of subdivision (g) of Section*

1 53395.8 for purposes of allocation and payment of taxes by the
2 county auditor as set forth in subdivision (i) of Section 53395.8.

3 (i) With respect to a TI district, the reference in subparagraph
4 (D) of paragraph (1) of subdivision (g) of Section 53395.8 to the
5 executive director of the port shall be deemed to be a reference to
6 the controller of the City and County of San Francisco, or an
7 appropriate official designated by the controller.

8 (f)

9 (j) This section implements and fulfills the intent of this article
10 and of Article XIII B and Section 16 of Article XVI of the
11 California Constitution. The allocation and payment to ~~the~~
12 ~~America's Cup district of the America's Cup~~ a special waterfront
13 district of the special waterfront district ERAF share for the
14 purpose of paying principal of, or interest on, loans, advances, or
15 indebtedness incurred for facilities under this section shall not be
16 deemed the receipt by the special waterfront district of proceeds
17 of taxes levied by or on behalf of the special waterfront district
18 within the meaning or for the purposes of Article XIII B of the
19 California Constitution, nor shall this portion of taxes be deemed
20 the receipt of proceeds of taxes by, or an appropriation subject to
21 limitation of, any other public body within the meaning or for
22 purposes of Article XIII B of the California Constitution or any
23 statutory provision enacted in implementation of Article XIII B.
24 The allocation and payment to a special waterfront district of this
25 portion of taxes shall not be deemed the appropriation by a special
26 waterfront district of proceeds of taxes levied by or on behalf of
27 a district within the meaning or for purposes of Article XIII B of
28 the California Constitution.

29 (k) Notwithstanding any provision to the contrary in Chapter
30 898 of the Statutes of 1997, as amended, or Chapter 543 of the
31 Statutes of 2004, as amended, in the event the port succeeds the
32 authority as trustee of some or all of the public trust lands within
33 the TI property, the port shall hold the lands subject to the public
34 trust for commerce, navigation, and fisheries and the requirements
35 applicable to the authority under Chapter 898 of the Statutes of
36 1997, as amended, and the lands shall not be subject to the Burton
37 Act trust. The port shall deposit all revenues from those lands into
38 the Treasure Island trust fund, which shall be maintained
39 separately from the harbor fund.

40 (g)

(l) For purposes of this section, *the meanings set forth in subdivision (c) of Section 53395.8 shall apply as appropriate, and the following terms have the following meanings, except as otherwise provided:*

~~(1) “America’s Cup district” means a waterfront district that includes the waterfront area in the City and County of San Francisco designated as the America’s Cup venues, excluding any venues within the Rincon Point-South Beach Redevelopment Project Area.~~

~~(2) “America’s Cup enhanced financing plan” means an infrastructure district financing plan for an America’s Cup district that contains a provision identical to that authorized for a Pier 70 district under subparagraph (D) of paragraph (3) of subdivision (g) of Section 55395.8.~~

~~(3) “America’s Cup ERAF-secured debt” means debt incurred in accordance with an America’s Cup enhanced financing plan that is secured by and will be repaid from the America’s Cup ERAF share.~~

~~(4) “America’s Cup ERAF share” means the county ERAF portion of incremental tax revenue committed, as applicable, to an America’s Cup district under an enhanced financing plan.~~

~~(5) “Cruise terminal project” means all phases of the Port of San Francisco’s public works project to build new cruise terminal facilities at Pier 27 in San Francisco and includes any public access and public open space improvements on Pier 27.~~

~~(6) “ERAF” means the Educational Revenue Augmentation Fund.~~

(1) “Affordable housing” means housing, whether publicly or privately owned, available at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, to persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code, lower income households, as defined in Section 50079.5 of the Health and Safety Code, very low income households, as defined in Section 50105 of the Health and Safety Code, and extremely low income households, as defined in Section 50106 of the Health and Safety Code, that is occupied by those persons and families.

(2) “Authority” means the Treasure Island Development Authority or any other local agency, public agency, city commission, or city department that the board of supervisors, by

1 resolution, designates as having jurisdiction over TI property or
2 authority under this chapter to form one or more TI districts.

3 (3) “Burton Act” means Chapter 133 of the Statutes of 1968,
4 as amended.

5 (4) “Burton Act trust” means the statutory trust imposed by the
6 Burton Act.

7 (5) “Harbor fund” means the separate fund in the treasury of
8 the City and County of San Francisco established and maintained
9 in accordance with Section B6.406 of Appendix B of the charter
10 of the City and County of San Francisco and Section 4 of the
11 Burton Act.

12 (6) “Job Corps parcel” means that portion of the said Tidelands
13 and Submerged Lands in San Francisco Bay known as Treasure
14 Island (Case 22164-G), commonly referred to as the Job Corps
15 Center, Treasure Island, which was transferred to the United States
16 Department of Labor by that certain document entitled “Transfer
17 and Acceptance of Military Real Property,” Dated March 3, 1998.

18 (7) “Port America’s Cup district” means a special waterfront
19 district that is not a TI district.

20 (8) “Special waterfront district” means a waterfront district in
21 the City and County of San Francisco that may comprise some or
22 all of the America’s Cup venues or potential venues, including TI
23 property.

24 (9) “Special waterfront district enhanced financing plan” means
25 an infrastructure financing plan for a special waterfront district
26 that contains a provision substantially similar to that authorized
27 for a Pier 70 district under subparagraph (D) of paragraph (3) of
28 subdivision (g) of Section 55395.8, with only those changes deemed
29 necessary by the legislative body of the special waterfront district
30 to implement the financing of the improvements described in
31 paragraph (1) of subdivision (e).

32 (10) “Special waterfront district ERAF-secured debt” means
33 debt incurred in accordance with a special waterfront district
34 enhanced financing plan that is secured by and will be repaid from
35 the special waterfront district ERAF share. For a Port America’s
36 Cup district, special waterfront district ERAF-secured debt
37 includes the portion of any debt that is payable from the special
38 waterfront district ERAF share as long as the same percentage of
39 debt proceeds will be used for the purposes authorized by
40 paragraph (2) of subdivision (e). For a TI district, special

1 waterfront district ERAF-secured debt may be combined with any
2 other debt of the TI district.

3 (11) “Special waterfront ERAF share” means the county ERAF
4 portion of incremental tax revenue committed, as applicable, to a
5 special waterfront district under a special waterfront district
6 enhanced financing plan.

7 (12) “TI district” means a special waterfront district formed
8 on land constituting all or a portion of the TI property.

9 (13) “TI property” means all those lands comprised of portions
10 of the lands commonly known as Treasure Island and Yerba Buena
11 Island lying within the City and County of San Francisco, State
12 of California, described as follows, and the Job Corps Parcel if
13 and to the extent it is transferred to the authority from the United
14 States of America:

15 All those lands comprised of portions of the lands commonly
16 known as Treasure Island and Yerba Buena Island lying within
17 the City and County of San Francisco, State of California,
18 described as follows: That portion of the lands described in that
19 certain Presidential Reservation of Goat Island (now Yerba Buena
20 Island), dated November 6, 1850, lying northwesterly of Parcel
21 57935-1 as described in that certain Quitclaim Deed, recorded
22 October 26, 2000, as Document Number 2000G855531, in the
23 office of the Recorder of the said City and County of San Francisco
24 (hereinafter referred to as Doc. 2000G855531); together with all
25 of the underlying fee to Parcel 57935-5 as described in said
26 Quitclaim Deed (Doc. 2000G855531) and all of the underlying
27 fee to Parcel 57935-6 as described in said Quitclaim Deed (Doc.
28 2000G855531), also together with that portion of the tide and
29 submerged lands in San Francisco Bay, relinquished to the United
30 States of America by that certain act of the Legislature of the State
31 of California by Statutes of the State of California of 1897, Chapter
32 81 (hereinafter referred to as Stat. 1897, Ch. 81); also together
33 with all of the Tidelands and Submerged Lands in San Francisco
34 Bay known as Treasure Island as described in that certain Final
35 Judgment of Condemnation, filed April 3, 1944, in the District
36 Court of the United States in and for the Northern District of
37 California, Southern Division, Case Number 22164-G (hereinafter
38 referred to as Case 22164-G), also together with all of that portion
39 of the lands described in that certain Presidential Reservation of
40 Goat Island (now Yerba Buena Island), dated November 6, 1850,

1 *lying southeasterly of Parcel 57935-1 as described in that certain*
2 *Quitclaim Deed, recorded October 26, 2000, as Document Number*
3 *2000G855531, in the office of the Recorder of the said City and*
4 *County of San Francisco (hereinafter referred to as Doc.*
5 *2000G855531); excepting therefrom those lands shown as the*
6 *Lands of the United States Coast Guard on that certain Record of*
7 *Survey, entitled "Record of Survey #5923" recorded in Book DD*
8 *of Maps at Pages 24-28 on April 28, 2010; also excepting*
9 *therefrom, that portion of the said Tide and Submerged Lands in*
10 *San Francisco Bay, relinquished to the United States of America*
11 *(Stat. 1897, Ch. 81), within the "Army Reservation, Occupied by*
12 *U.S. Light House Service under Permit from Secretary of War*
13 *dated May 27, 1872" as shown and described upon that certain*
14 *map entitled "Plat of Army and Navy reservations on Yerba Buena*
15 *(Goat) Island, San Francisco Bay, California"; and further*
16 *excepting therefrom, that portion of the Tide and Submerged Lands*
17 *in San Francisco Bay, relinquished to the United States of America*
18 *(Stat. 1897, Ch. 81) which were transferred to the United States*
19 *Coast Guard by that certain document entitled "Transfer and*
20 *Acceptance of Military Real Property," dated November 26, 2002.*
21 *As portions of said land are shown on those certain Records of*
22 *Survey filed for record: July 15, 2003 in Book M of maps at pages*
23 *85 through 95, inclusive, and as shown on the map entitled "Map*
24 *and Metes and Bounds Description of United States Military and*
25 *Naval Reservations, Yerba Buena (Goat) Island, California"*
26 *including land ceded by the State of California by Act of*
27 *Legislature of the State of California, approved March 9, 1897*
28 *(Stat. Cal., 1897, p. 74) filed April 12, 1934 in Book N of Map at*
29 *Page 14; and on April 28, 2010, in Book DD of Maps at Pages*
30 *24-28, entitled "Record of Survey #5923"; recorded in the Office*
31 *of the Recorder of the City and County of San Francisco.*

32 *(14) "Treasure Island trust fund" means the special fund*
33 *established and maintained in accordance with Section 10 of*
34 *Chapter 898 of the Statutes of 1997.*

35 *SEC. 4. Section 53397.71 is added to the Government Code,*
36 *to read:*

37 *53397.71. Notwithstanding the provisions of this article, the*
38 *legislative body of a waterfront district established pursuant to*
39 *Section 53395.8 may, by resolution, authorize the issuance of*
40 *bonds without (a) publishing the notice specified in Section 53397.4*

1 *and (b) holding an election of the voters residing in the waterfront*
2 *district. The bonds of a waterfront district may be sold at a*
3 *negotiated sale without publication of the notice specified in*
4 *Section 53397.10.*

5 *SEC. 5. Section 3 of Chapter 898 of the Statutes of 1997 is*
6 *amended to read:*

7 *Sec. 3. (a) The Legislature finds and declares all of the*
8 *following:*

9 *(b) It is the intent of the Legislature with the enactment of this*
10 *act to provide a means for mitigating the serious economic effects*
11 *of the closure of Naval Station Treasure Island on the City and*
12 *County of San Francisco, its surrounding communities, and the*
13 *State of California by ~~vesting a single entity with redevelopment~~*
14 *~~authority over the property and, with respect to that portion of the~~*
15 *~~property subject to the public trust for navigation, commerce, and~~*
16 *~~fisheries, granting the state's right, title, and interest in the former~~*
17 *~~naval station to the entity with primary responsibility for the~~*
18 *~~development and reuse of the property, and vesting in that entity~~*
19 *the power to administer the public trust.*

20 *(1) That property known as Naval Station Treasure Island, which*
21 *includes Treasure Island and Yerba Buena Island, was selected*
22 *for closure and disposition by the Base Realignment and Closure*
23 *Commission in 1993, acting under Public Law 101-510 and its*
24 *subsequent amendments, and is scheduled for operational closure*
25 *on October 1, 1997. The conversion of Naval Station Treasure*
26 *Island to productive civilian reuse presents unique ~~redemption~~*
27 *~~development~~ issues which would be best addressed by ~~an~~ a public*
28 *agency created specifically for that purpose.*

29 *(2) All former and existing tide and submerged lands on the*
30 *Naval Station, including all of Treasure Island and portions of*
31 *Yerba Buena Island, will be subject to the public trust for*
32 *navigation, commerce, and fisheries upon their release from federal*
33 *ownership. In the absence of legislative action, this property would*
34 *automatically be brought under the jurisdiction of the Port of San*
35 *Francisco pursuant to, and subject to the terms and requirements*
36 *of, the Burton Act (Chapter 1333 of the Statutes of 1968).*

37 *(3) Certain buildings and other structures constructed on*
38 *Treasure Island during the period of federal ownership were built*
39 *for nontrust purposes and are not adaptable for trust related uses.*
40 *These buildings and structures are in various stages of their useful*

lives, some having been constructed only a few years prior to the scheduled closure. The conversion of the lands underlying these buildings and structures to trust uses in the future should proceed in a manner that will enable the people of this state to benefit from the substantial investments made in these structures without hindering the overall goal of preserving the public trust.

(4) Treasure Island also contains hangars that were built for maritime aviation purposes. These structures may be utilized for trust uses in the future, but no trust related use has been identified for them in the near term.

~~(5) The creation of a single public agency that is vested with both redevelopment authority and Vesting the power to administer the trust in the designated local reuse authority will facilitate the conversion of Naval Station Treasure Island to productive civilian reuse and is in the best interests of the people of this state.~~

SEC. 6. Section 5 of Chapter 898 of the Statutes of 1997, as amended by Section 1 of Chapter 318 of the Statutes of 2008, is amended to read:

~~Sec. 5. (a) Notwithstanding Article 2 (commencing with Section 33110) of Chapter 2 of Part 1 of Division 24 of the Health and Safety Code, the legislative body of the City and County of San Francisco may, by resolution, designate the authority or any successor entity or agency of the authority as the redevelopment agency with all of the rights, powers, privileges, immunities, authorities, and duties granted to a redevelopment agency pursuant to Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code, for the purpose of acquiring, using, operating, maintaining, converting, and redeveloping the property. Upon adoption of that resolution, the authority shall be considered a redevelopment agency for all purposes under state law, including, but not limited to, the purposes of Section 21090 of the Public Resources Code.~~

~~(b)~~

Sec. 5. (a) Notwithstanding any state or local law, ~~including, without limitation, Section 33111 of the Health and Safety Code,~~ the board of directors of the authority may include individuals who are officers or employees of the City and County of San Francisco or of the San Francisco Redevelopment Agency and those individuals are not precluded, solely by virtue of their status as officers or employees of the City and County of San Francisco or

1 the San Francisco Redevelopment Agency, from participating in
2 decisions as members of the board of directors.

3 (e)

4 (b) Notwithstanding Section 1090 of the Government Code and
5 Section C8.105 of Appendix C of the San Francisco Charter,
6 officers and employees of the City and County of San Francisco
7 or the San Francisco Redevelopment Agency are not precluded,
8 solely by virtue of their services as members of the board of
9 directors, from participating in any decisions in their capacities as
10 officers or employees of the City and County of San Francisco or
11 the San Francisco Redevelopment Agency.

12 (d)

13 (c) Notwithstanding any other provision of law, the authority's
14 employees are subject to the same civil service provisions as the
15 employees of the City and County of San Francisco.

16 (e) ~~Notwithstanding any other provision of law, the authority~~
17 ~~shall follow the same competitive bidding procedures applicable~~
18 ~~to redevelopment agencies in California.~~

19 (f) ~~Prior to the board of supervisor's approval of a~~
20 ~~redevelopment plan for the property, any contract to which the~~
21 ~~authority is a party worth more than one million dollars~~
22 ~~(\$1,000,000) or with a term of 10 or more years shall require the~~
23 ~~approval of the Board of Supervisors of the City and County of~~
24 ~~San Francisco.~~

25 (g) ~~Due to the unique status of the existing housing units as set~~
26 ~~forth in this chapter, which were formerly base housing and must~~
27 ~~be removed, the authority is not required to comply with Section~~
28 ~~33385 of the Health and Safety Code, as long as the authority~~
29 ~~complies with all of the following alternative requirements:~~

30 (1) ~~The authority shall consult with and obtain the advice of the~~
31 ~~existing Treasure Island/Yerba Buena Island Citizens Advisory~~
32 ~~Board, as created by Resolution No. 00-41-12/21 of the Treasure~~
33 ~~Island Development Authority Board, concerning the adoption~~
34 ~~and implementation of a redevelopment plan for Naval Station~~
35 ~~Treasure Island.~~

36 (2) ~~At least 120 days before the adoption of the Redevelopment~~
37 ~~Plan for Naval Station Treasure Island, the authority shall amend~~
38 ~~the membership composition of the Treasure Island/Yerba Buena~~
39 ~~Island Citizens Advisory Board to include not less than four~~
40 ~~specific slots for residents currently residing on Naval Station~~

1 ~~Treasure Island, including slots designated for low- and~~
2 ~~moderate-income residents.~~

3 ~~(3) The authority shall hold at least one public meeting to~~
4 ~~explain the new citizens advisory board composition. The authority~~
5 ~~shall provide written notice of the public meeting explaining the~~
6 ~~new citizens advisory board composition and the opportunity for~~
7 ~~Naval Station Treasure Island residents to serve on the citizens~~
8 ~~advisory board to all residents of Naval Station Treasure Island at~~
9 ~~the time of the public meeting. The authority shall proscribe the~~
10 ~~procedure for selection of the resident members of the citizens~~
11 ~~advisory board, which shall require that the resident members of~~
12 ~~the citizens advisory board be selected by a vote of the existing~~
13 ~~residents of the Naval Station Treasure Island. All resident member~~
14 ~~seats of the citizens advisory board added pursuant to this section~~
15 ~~shall be filled no later than 60 days prior to the adoption of the~~
16 ~~Redevelopment Plan for Naval Station Treasure Island. The~~
17 ~~authority may, but is not required to, increase the size of the~~
18 ~~citizens advisory board to include the resident members. The~~
19 ~~authority is authorized and shall take any and all actions consistent~~
20 ~~with this section to create specific slots for resident membership~~
21 ~~on the citizens advisory board.~~

22 ~~(4) Persons of low- and moderate-income lawfully occupying~~
23 ~~the existing housing on Naval Station Treasure Island at the time~~
24 ~~the Redevelopment Plan for Naval Station Treasure Island is~~
25 ~~adopted, and at the time the existing housing is removed or~~
26 ~~demolished, shall be offered new permanent housing adequate to~~
27 ~~accommodate the household to be constructed within the~~
28 ~~redevelopment project area, at a cost or rent not exceeding the~~
29 ~~affordable housing costs or affordable rent, as defined by Section~~
30 ~~50052.5 or 50053 of the Health and Safety Code, as applicable.~~
31 ~~The redevelopment plan shall include provisions requiring the~~
32 ~~authority to implement this subdivision.~~

33 ~~SEC. 3.~~

34 *SEC. 7.* The Legislature finds and declares that a special law
35 is necessary and that a general law cannot be made applicable
36 within the meaning of Section 16 of Article IV of the California
37 Constitution because of the unique circumstances of the City and
38 County of San Francisco. The facts constituting the special
39 circumstances are:

1 Areas of San Francisco, including the portions of the San
2 Francisco waterfront, are characterized by deteriorating conditions
3 that cannot be remedied by private investment alone, and require
4 the use of public financing mechanisms to finance the rectification
5 of the deteriorating conditions. In order to adapt the provisions of
6 law governing infrastructure financing districts to these unique
7 circumstances, this special act is necessary.

O